

Message Text

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PAGE 01 STATE 112201
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TO AMCONSUL HONG KONG IMMEDIATE

C O N F I D E N T I A L STATE 112201

E.O. 11652: GDS

TAGS: EAIR, UK

SUBJECT: CIVAIR - US-UK AVIATION NEGOTIATIONS--HONG KONG
ROUTES

1. IN DISCUSSIONS OF AIR ROUTES BETWEEN US AND HONG KONG DURING MARCH 28-APRIL 22 NEGOTIATING SESSION IN WASHINGTON, UKDEL'S HONG KONG REP (KEEP) DESCRIBED BRITISH POSITION ON SUCH ROUTES FOR BOTH US AND UK AIRLINES. LIKE BRITISH POSITIONS ON MANY OTHER KEY ISSUES BRITISH HONG KONG ROUTE PROPOSALS WERE RESTRICTIVE, UNACCEPTABLE, AND BASED ON UK DESIRE TO ACHIEVE "MIRROR RECIPROCITY" OF AVIATION OPPORTUNITIES. RE US AIRLINES' OPERATIONS, BRITISH BRIEFLY WOULD PERMIT FIFTH FREEDOM RIGHTS BETWEEN TOKYO AND HONG KONG, AND BANGKOK AND HONG KONG AT PRESENT LEVELS BUT WOULD REQUIRE ELIMINATION OF ALL OTHER FIFTH FREEDOM RIGHTS INCLUDING ALL-CARGO FIFTH FREEDOM RIGHTS. ALL US FIFTH
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FREEDOM RIGHTS WOULD BE ELIMINATED AT SOME UNSPECIFIED POINT IN FUTURE WHEN THIRD/FOURTH FREEDOM OPERATIONS COULD SUSTAIN ADEQUATE US-HONG KONG SERVICES. BRITISH POSITION INCORPORATED SEVERAL OTHER PROPOSED RESTRICTIONS ON US AIRLINES TO ACHIEVE "EQUALITY" IN LOCAL PACIFIC SECTORS.

2. FOR ITS PART, USDEL WAS RESPONSIVE TO UK REQUESTS FOR

ROUTES FOR UK AIRLINES. NEVERTHELESS, UKDEL WAS CLEARLY

DISSATISFIED AND SOUGHT FURTHER CONCESSIONS. AT CONCLUSION WASHINGTON SESSION ON APRIL 22, IN FACT UKDEL CHAIRMAN REITERATED HIS HOPE THAT US SIDE WOULD PREPARE COUNTER PROPOSALS CONCERNING US- HONG KONG ROUTES THAT WOULD INCORPORATE CONCESSIONS TO UK. UPON ARRIVAL USDEL IN LONDON FOR CURRENT ROUND OF NEGOTIATIONS WHICH BEGAN MAY 16, UK SIDE ASKED FOR US PROPOSALS PREFERABLY THIS WEEK SO THAT THEY COULD BE RELAYED TO HONG KONG AUTHORITIES FOR THEM TO REVIEW PRIOR TO RENEWED DISCUSSIONS OF HONG KONG ROUTES BEGINNING MAY 23

3. IN VIEW OF IMPORTANCE OF US AIRLINES TO HONG KONG ECONOMY AND OF OVERALL BALANCE OF US-HONG KONG TRADE WHICH FAVORS HONG KONG (DOLS 1.5 BILLION) WE ARE, OF COURSE, DISAPPOINTED THAT BRITISH ARE APPARENTLY CONTINUING TO PRESS FOR EQUALITY IN THE NARROW CIVIL AVIATION FIELD. ON ONE HAND, WE WOULD HAVE HOPED THAT HONG KONG AUTHORITIES WOULD PERCEIVE IT IN THEIR INTERESTS TO AVOID ECONOMIC CONFRONTATION WITH US BY UK'S INSISTING ON EQUALITY OF OPPORTUNITY OR REVENUES SINCE SUCH ARGUMENTS MIGHT ULTIMATELY BE TURNED AROUND TO US INSISTENCE ON EQUALITY IN OTHER TRADE AND COMMERCIAL AREAS. ON OTHER HAND, UKDEL COMPRISES AVIATION EXPERTS WITH LITTLE IF ANY FCO PARTICIPATION. IT IS NOT A SURPRISING RESULT THAT BRITISH POSITIONS ARE NARROWLY CENTERED ON AVIATION INTERESTS TO EXCLUSION OF OTHER IMPORTANT UK INTERESTS AND US-UK BILATERAL INTERESTS.

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4. ACTION REQUESTED. WE APPRECIATE THAT THERE IS PROBABLY NOTHING UNIQUELY HONG KONG (LIKE JAPANESE COLOR TV SETS OR SPECIALTY STEEL) ON WHICH WE COULD THREATEN ECONOMIC RESTRICTIONS IF BRITISH CONTINUE TO THREATEN AVIATION RESTRICTIONS. NEVERTHELESS, WOULD APPRECIATE CONGEN COMMENTS IN THIS REGARD. IMMEDIATE PROBLEM, OF COURSE, REVOLVES AROUND NARROW COMPOSITION OF UKDEL AND NARROW DETERMINATION UK POSITIONS. CONGEN IS REQUESTED APPROACH APPROPRIATE HIGH LEVEL HONG KONG AUTHORITIES WHO IN CONGEN'S JUDGMENT ARE IN POSITION TO INFLUENCE UKG TO TAKE MORE MODERATE STANDS WITH RESPECT TO AVIATION BENEFITS. IN ITS APPROACH CONGEN SHOULD DRAW ON TRADE/COMMERCIAL AND TOURISM DATA SHOWING OVERWHELMING BENEFITS THAT FLOW TO HONG KONG AS RESULT OF TOTAL ECONOMIC INVOLVEMENT WITH US TO WHICH US AIRLINES PLAY IMPORTANT SUPPORTIVE ROLE. CONGEN REQUESTED REPORT APPRAISAL ITS APPROACHES DIRECTLY TO LONDON, SLUGGED FOR AMBASSADOR BOYD, USCIVAIR DEL, WITH INFO DEPT. IT WOULD BE HELPFUL TO HAVE CONGEN'S REPORT OF

ITS APPROACHES BY CLOSE OF BUSINESS LONDON MAY 19. CHRISTOPHER

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Message Attributes

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